

AMENDED IN ASSEMBLY MAY 14, 2003

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 1217**

**Introduced by Assembly Member Leno**

February 21, 2003

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An act to amend Sections 7060 and 7060.1 of the Government Code, relating to rental property.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1217, as amended, Leno. Rental property: residential hotels.

Under the Ellis Act, public entities generally are prohibited from adopting any statute, ordinance, or regulation, or taking any administrative action, to compel the owner of residential real property to offer or to continue to offer accommodations in the property for rent or lease. The act defines accommodations subject to the act to mean either residential rental units in any detached physical structure containing 4 or more residential rental units or, with respect to a detached physical structure containing 3 or fewer residential rental units, the residential rental units in that structure and in any other structure located on the same parcel of land.

This bill would exempt guestrooms or efficiency units within a residential hotel, as defined, from the above described prohibition *if the hotel has a permit of occupancy issued prior to January 1, 2004, and it did not send a notice of intent to withdraw the accommodations from rent or lease that was delivered prior to that date.*

The act provides that it does not diminish or enhance any power in any public entity to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of any accommodations in any defined residential hotel.

This bill would, instead, provide that the act does not diminish or enhance any power in any public entity to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of accommodations or limit any right of an owner of a residential hotel from withdrawing guestrooms or efficiency units from the rental market pursuant to law any accommodations.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7060 of the Government Code is  
2 amended to read:

3 7060. (a) No public entity, as defined in Section 811.2, shall,  
4 by statute, ordinance, or regulation, or by administrative action  
5 implementing any statute, ordinance or regulation, compel the  
6 owner of any residential real property to offer, or to continue to  
7 offer, accommodations in the property for rent or lease, except for  
8 guestrooms or efficiency units within a residential hotel, as  
9 defined in Section 50519 of the Health and Safety Code, *that has*  
10 *a permit of occupancy issued prior to January 1, 2004, and did not*  
11 *send a notice of intent to withdraw the accommodations from rent*  
12 *or lease pursuant to subdivision (a) of Section 7060.4 that was*  
13 *delivered to the public entity prior to January 1, 2004.*

14 (b) For the purposes of this chapter, the following definitions  
15 apply:

16 (1) “Accommodations” means either of the following:

17 (A) The residential rental units in any detached physical  
18 structure containing four or more residential rental units.

19 (B) With respect to a detached physical structure containing  
20 three or fewer residential rental units, the residential rental units  
21 in that structure and in any other structure located on the same  
22 parcel of land, including any detached physical structure specified  
23 in subparagraph (A).

24 (2) “Disabled” means a person with a disability, as defined in  
25 Section 12955.3 of the Government Code.

SEC. 2. Section 7060.1 of the Government Code is amended to read:

7060.1. Notwithstanding Section 7060, nothing in this chapter does any of the following:

(a) Prevents a public entity from enforcing any contract or agreement by which an owner of residential real property has agreed to offer the accommodations for rent or lease in consideration for a direct financial contribution or, with respect to written contracts or agreements entered into prior to July 1, 1986, for any consideration. Any contract or agreement specified in this subdivision is not enforceable against a person who acquires title to the accommodations as a bona fide purchaser for value (or successors in interest thereof), unless (1) the purchaser at the time of acquiring title to the accommodations has actual knowledge of the contract or agreement, or (2) a written memorandum of the contract or agreement which specifically describes the terms thereof and the affected real property, and which identifies the owner of the property, has been recorded with the county recorder prior to July 1, 1986, or not less than 30 days prior to transfer of title to the property to the purchaser. The county recorder shall index such a written memorandum in the grantor-grantee index.

As used in this subdivision, “direct financial contribution” includes contributions specified in Section 65916 and any form of interest rate subsidy or tax abatement provided to facilitate the acquisition or development of real property.

(b) Diminishes or enhances, except as specifically provided in Section 7060.2, any power which currently exists or which may hereafter exist in any public entity to grant or deny any entitlement to the use of real property, including, but not limited to, planning, zoning, and subdivision map approvals.

(c) Diminishes or enhances any power in any public entity to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of any accommodations.

(d) Supersedes any provision of Chapter 16 (commencing with Section 7260) of this division, Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of this code, Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code, Part 2 (commencing with Section 43) of Division 1 of the Civil Code, Title 5 (commencing with Section 1925) of Part 4 of Division 3 of the Civil Code, Chapter

1 4 (commencing with Section 1159) of Title 3 of Part 3 of the Code  
2 of Civil Procedure, or Division 24 (commencing with Section  
3 33000) of the Health and Safety Code.

4 (e) Relieves any party to a lease or rental agreement of the duty  
5 to perform any obligation under that lease or rental agreement.

6 ~~(f) Limits any right of an owner of a residential hotel, as defined~~  
7 ~~in Section 50519 of the Health and Safety Code, to withdraw~~  
8 ~~guestrooms or efficiency units in the residential hotel from the~~  
9 ~~rental market pursuant to any provision of law.~~

